



## **About Cornerstone Partnership:**

Cornerstone Partnership is a national initiative managed by NCB Capital Impact and funded primarily by the Ford Foundation. Cornerstone's work is focused on identifying and disseminating information about best practices in affordable housing with an emphasis on programs that create and preserve long-term affordability.

Cornerstone operates technical assistance and grant making programs designed to help local nonprofit and public agencies learn from one another about what works and how best to design and implement affordable housing and homeownership programs. We developed a detailed set of technical assistance tools including a comprehensive assessment framework which we have implemented with over 50 local programs. The assessment tool walks through a detailed list of nearly 100 best practices and helps our consultants to make recommendations for strengthening local practice. We used this assessment tool to evaluate 14 local programs in San Mateo County, CA including 11 inclusionary housing programs and for a statewide assessment of all seven incentive or inclusionary housing programs in the state of Virginia.

Cornerstone won a highly competitive Social Innovation Fund (SIF) award from the Corporation for National and Community Service. The SIF initiative was launched by the White House Office of Social Innovation to identify national initiatives that were effectively using data to drive improvements in social policy. Our SIF grant enables us to provide operating support grants to ten local nonprofits that are serving as stewards of long-term affordability for local investment in affordable homeownership. One of the ten grantees is Seattle's Homestead Community Land Trust. In addition to these operating grants the program involves significant technical assistance for each agency and a rigorous academic evaluation led by the Urban Institute.

Cornerstone has provided technical assistance grants to over 50 nonprofit and public agencies throughout the country to address specific challenges in the successful implementation of local affordable homeownership programs. We have an ongoing partnership with Habitat for Humanity International and have worked with several Habitat affiliates to strengthen their long-term stewardship of Habitat homes and we recently completed a contract with HUD to provide

Technical Assistance to nonprofits implementing the Neighborhood Stabilization Program (NSP). In addition, we have been providing grant funding and technical assistance to a national nonprofit, the Partnership for Working Families to support local policies that will increase the supply of affordable housing. PWF is working through local affiliates in four communities including Puget Sound Sage in Seattle. (While we don't feel that these relationships create any conflict of interest, we will refrain from any independent discussion of Seattle's workforce housing policy with these organizations for the term of this engagement.)

Cornerstone has developed and is currently supporting a software product, HomeKeeper, designed to manage data related to implementation of affordable homeownership programs. HomeKeeper helps cities and nonprofits to manage waiting lists, screen applicants for eligibility and sell homes to qualified buyers and then to track the investment of public subsidy over the long term and monitor the long-term social impacts of this investment. For more information see [MyHomeKeeper.org](http://MyHomeKeeper.org).

At the request of the Ford Foundation we have been working closely with the City Council in Denver to assess their Inclusionary Housing Ordinance and develop proposals to address key implementation challenges. We led several study sessions for City Council, the Mayor's Housing Task Force and a working group convened to evaluate changes to their inclusionary ordinance. We helped Denver to draft an RFP and select a qualified economist to evaluate the financial feasibility of several proposed changes including increasing the financial incentives available to developers.

### **Staffing:**

This engagement will be led by Rick Jacobus, Cornerstone's Managing Director. Rick is a national expert in incentive and inclusionary housing and affordable homeownership. Prior to founding Cornerstone, Rick was a partner in Burlington Associates in Community Development, where he worked with nonprofit and public agencies across the country on the implementation of innovative affordable housing strategies. He managed the first ever statewide survey of Inclusionary Housing production in California on behalf of a coalition of housing organizations and did policy research on Inclusionary Housing for several of the oldest and most successful inclusionary housing programs in the country including Palo Alto, Santa Monica and Irvine, CA. He previously served as a Visiting Fellow at the Lincoln Institute for Land Policy where he led a year-long research project on best practices in the administration of incentive and inclusionary housing programs nationwide. He has also served as a Lecturer in the Department of City and Regional Planning at UC Berkeley and as a Senior Program Officer for the Local Initiatives Support Corporation.

Joshua Abrams will assist this project in several key roles including data collection and analysis, stakeholder interviews and co-facilitation of the expert convening. Josh has ten years of policy planning experience, serving as project

manager on assignments in the areas of housing, land use planning, long-range comprehensive planning, and public participation. Josh has a strong technical planning background and brings analytical skills including creating pro formas, population projections, and statistical analysis. He is a writer and editor, with an emphasis on packaging technical information so that it is accessible to a wide audience. Josh is helping develop and test an assessment tool for inclusionary housing programs around the country and is also developing webinars about best practices for incentive and inclusionary housing.

### **Approach to the work:**

Cornerstone's approach to this project will be to build support among stakeholders for best practices that have worked in similar cities around the country. We bring an unparalleled set of experience and network of contacts to draw from.

Seattle's Incentive Zoning program is one example of a range of local government practices that seek to ensure that new housing development serves a more economically diverse set of residents than the market otherwise would.

The first of these programs were called Inclusionary Zoning because they used the zoning code to impose citywide mandatory affordable housing requirements. But since the 1970s there has been tremendous local experimentation in the design of these programs which are now commonly referred to by the more general term "Inclusionary Housing." Inclusionary Housing is used to refer to both mandatory and voluntary programs whether they apply citywide or only to targeted redevelopment areas, and to programs that are implemented within or outside the zoning code. What these programs have in common is that they attempt to promote economically *inclusive* communities by inducing private real estate development to include affordable units.

But, whether they are voluntary or mandatory, these programs can be very controversial. Local stakeholders frequently have very strong opinions about the basic idea and often these debates eclipse discussion of the policy details that are actually most important to success. The goal is to bridge this gap with data driven research and to identify opportunities for solutions that benefit all parties.

While there is no consistent source of national data, what data we have strongly supports the conclusion that some incentive/inclusionary housing programs are far more successful at producing affordable housing than others. And the difference between the high producing programs and the rest seems to have little to do with the hot button choices such as whether affordable units are mandatory or voluntary or the affordable unit set aside percentage. Some high producing programs have mandatory requirements but a number of communities have achieved similar levels of production with entirely voluntary programs tied to meaningful incentives. A California survey found that several of the cities that

required the highest share of affordable units were actually among the lowest producing jurisdictions. Instead, what seems to be key to achieving the highest levels of affordable housing production is the programs ability to fine tune incentives and options for providing affordable units in a way that is responsive to the specifics of the local real estate development environment. At their worst, affordable housing programs can stand in the way of development but at their best they can broaden public support for more housing at higher densities.

Our approach then is to help communities learn what is working in other places and adapt proven practices to local conditions. While a data driven approach does not preclude ideological debate, we think it makes it easier for the various stakeholders to find common ground.

### **Proposed Services**

- a. **Coordinate with Affordable Housing Advisory Committee.** Meet with AHAC to solicit feedback on current conditions and recommendations.

**Deliverable:** One or two consultants to attend two to three meetings;  
Prepare meeting summaries

**Timing:** Ongoing

- b. **Conduct interviews.** Conduct five interviews with AHAC members and five with additional members of the public. Interviews will be conducted primarily by telephone.

**Deliverable:** Ten interviews; Produce stakeholder perceptions memo

**Timing:** Ongoing

- c. **Assess Current and Future Needs.** Cornerstone Partnership will compile data on the current and anticipated need for low-income housing, workforce housing and market-rate housing in Seattle. Cornerstone will then produce a three to five page paper describing existing conditions and trends and present this information at a Council meeting. The sources for this report will come from reports from Spectrum Development, Community Attributes, Heartland, information compiled by the Office of Housing and other publically available data sources. Cornerstone will recommend additional information that should be gathered by the economic consultant or others.

**Deliverable:** Three to five page paper; presentation to council

**Timing:** August 2013

- d. Develop Economic Study Scope.** Assist Council staff in developing a scope of work for a consulting firm to perform an economic analysis. This includes identifying and advising the City on appropriate models for developing economic baselines or pro-formas for evaluating incentive and inclusionary zoning programs and recommending a methodological approach.

Cornerstone will review three to five comparable RFPs identifying language that could be included in the scope. Cornerstone will then identify key questions for the consultant to answer and important language to include in the scope. Cornerstone will review and offer comments on the draft scope of work produced by staff.

**Deliverable:** Memo on important language to include in scope; draft scope of work; final scope of work

**Timing:** August 30, 2013

- e. Compile Best Practices for Incentive Zoning:** Compile best practices for incentive and inclusionary zoning policies from comparable jurisdictions around the country into a short report. Include specifics on program design and structure, income level served, units produced and summary of known impacts on development. Include examples of both voluntary and mandatory programs as well as programs that are citywide and programs that are geographically targeted to areas that are being upzoned.

Produce a chart that compares inclusionary and incentive policies in ten cities. Identify three to six key strategic questions for Seattle to consider as it updates its ordinance. For example, one question may be how should Seattle provide flexibility for developers while still meeting the needs of the city?

**Deliverable:** Comparison report and summary, key questions to consider

**Timing:** October 2013

- f. Organize One Day Workforce Housing Summit.** Conduct one day workforce housing summit. Seek input from leading cities and research centers including but not limited to the Urban Land Institute Terwilliger Center, the Innovative Housing Institute, the Center for Neighborhood Technologies and Harvard University's Joint Center for Housing Studies. Convene these or other experts in a one day summit to consider best practices and inform local policy-makers. Experts should discuss and weigh in on the appropriate policy framework for evaluating and making decisions about the priority to be given

through incentive zoning programs to workforce housing vs. low income housing; the tradeoffs between requiring developers to build Workforce Units within a project receiving bonus square feet vs. allowing developers to make in-lieu payments and other key policy frameworks identified by the Lead Consultant.

Cornerstone will develop the invitation list in consultation with local stakeholders, extend invitations, plan the agenda, conduct the meeting, and write a summary report. We will rely on city staff for event planning, meeting space, food, etc.

**Deliverable:** Conduct summit, produce summary memo

**Timing:** January 2014

**g. Develop Recommendations.** Based on the information in the Economic Report and input of other experts and stakeholders, develop a report with recommendations on Seattle's Incentive Zoning Program. The recommendations will include:

- i. The percent of a new development that should be set aside for affordable workforce housing, including the feasibility of a set-aside of at least 10% of the gross square footage of the entire structure; ;
- ii. The appropriateness of the current definition of workforce housing and the income level served by IZ program, including whether some percentage of the affordable housing set aside should be affordable to households at 60% AMI;
- iii. Whether the fee-in-lieu option should remain for residential development; and if so describe a data-driven and market-sensitive methodology that will automatically adjust the payment in lieu amount on a regular and consistent basis.
- iv. Whether the program should encourage or require larger family-size units;
- v. Whether there should be a single policy city-wide or if the policy or prices should vary different neighborhoods or markets.

**Deliverable:** Recommendations report

**Timing:** March 31, 2014 (after delivery of economic feasibility report)

- h. Additional Support.** Provide additional support as needed in 2014 to advance and adapt recommendations during deliberations by City Council.
- i. Coordinate with Council Staff and Other Consultants.** To ensure a high quality product, Cornerstone will coordinate closely with council staff as well as the best practices and economic consultant.

## **Budget**

The budget includes \$40,515 of Professional Time and \$5,775 for travel costs, for a total project cost of \$46,290.

## **Biographies**

### **Rick Jacobus**

Rick Jacobus is a national expert in incentive and inclusionary housing and affordable homeownership. He currently serves as Managing Director of NCB Capital Impact's Cornerstone Partnership, a national peer network of homeownership programs that preserve long-term affordability ([www.AffordableOwnership.org](http://www.AffordableOwnership.org)). Cornerstone was launched by the Ford Foundation and recently won a \$5 million Social Innovation Fund award from the Corporation for National and Community Service. Cornerstone has developed a software product and a suite of technical assistance tools which are being used to strengthen the implementation of nonprofit and public agency housing programs, including a number of incentive and inclusionary housing programs. Cornerstone has recently developed a set of tools specific to inclusionary housing and Mr. Jacobus has been working with the Denver City Council on a proposed set of revision's to Denver's Inclusionary Housing Ordinance.

As a partner in Burlington Associates in Community Development, Mr. Jacobus worked with nonprofit and public agencies across the country on the implementation of innovative affordable housing strategies. He managed the first ever statewide survey of Inclusionary Housing production in California on behalf of a coalition of housing organizations and did policy research on Inclusionary Housing for several of the oldest and most successful inclusionary housing programs in the country including Palo Alto, Santa Monica and Irvine, CA. He previously served as a Visiting Fellow at the Lincoln Institute for Land Policy where he led a year-long research project on best practices in the administration of inclusionary housing programs nationwide. He has also served as a Lecturer in the Department of City and Regional Planning at UC Berkeley and as a Senior Program Officer for the Local Initiatives Support Corporation.

Recent publications include *A Path to Homeownership*, published by the Center for American Progress; *Affordable By Choice, Trends in California Inclusionary Housing Programs*; Published by the Nonprofit Housing Association of Northern California; *Retail Trade as a Route to Neighborhood Revitalization* published by the Brookings Institution; *The City-CLT Partnership* published by the Lincoln Institute for Land Policy; and *Delivering on the Promise of Inclusionary Housing: Best Practices in Administration and Monitoring* published by PolicyLink.

He has a Bachelors degree from Oberlin College and a Masters of City Planning degree from the University of California at Berkeley.

## **Josh Abrams**

Joshua Abrams has ten years of policy planning experience, serving as project manager on assignments in the areas of housing, land use planning, long-range comprehensive planning, and public participation. Josh has a strong technical planning background and brings analytical skills including creating pro formas, population projections, and statistical analysis. He is a writer and editor, with an emphasis on packaging technical information so that it is accessible to a wide audience. Josh is helping develop and test an assessment tool for inclusionary housing programs around the country and is also developing webinars about best practices for incentive and inclusionary housing.

Joshua also has strong process-orientation. He is a seasoned meeting facilitator and a certified mediator. As such, he has helped parties resolve their dispute in dozens of cases. He works with universities, local governments, businesses, and nonprofits to both teach dispute resolution and to address actual conflicts. He recently authored an article for the American Planning Association on how planners can use mediation in their work.

Since 2008, he has been on the board of directors of the Northern California Land Trust. Notable recent projects include the 21 Elements San Mateo County Housing Element Update Kit; Marin Countywide Housing Workbook; Morgan Hill Housing Element Update; Montclair, New Jersey Affordable Housing Strategy; Market View Heights Neighborhood Revitalization Strategy; St. Bernard, Louisiana Housing Rehabilitation Plan.

Recent publications include *Balancing Best Practices and New State Laws: A Report about Ending Homelessness in California*; *The State of Foreclosures in San Mateo County - An analysis of foreclosure impact and trends*; *The Zoning Dispute Whisperer - Adding Mediation to the Planners Toolkit*

He graduated *Magna Cum Laude* with distinction from Carleton College and has a Masters in City and Regional Planning from Cornell University. He is on the Board of the Northern California Land Trust and a member of the American Institute of Certified Planners.